TRC WHITEPAPER
SUMMARY OF RECOMMENDATIONS

These recommendations come from a White Paper on Tradable Renewable Certificates (TRC) that included voluntary participation by 27 people representing 20 organizations. The working group members developed the recommendations they thought appropriate for the issues being discussed in their particular section of the White Paper. While working independently of each other, the working groups developed a consistent set of approaches and mitigation strategies that address key TRC issues and concerns. The group as a whole discussed the recommendations and agreed upon the set outlined below. The following is a summary of the general recommendations made in this White Paper.

Legal Recommendations

?? A TRC should be deemed to come into legal existence at the moment the electrical output of the renewable energy facility is measured, either by physical metering or at the moment the energy is delivered to the grid or other load without metering.

?? In the absence of specific legislative, regulatory, or contract provisions a TRC should be deemed to be owned by the owner(s) of the renewable energy facility that generated the accompanying electrical energy.

?? TRCs may be transferred by private, specific contractual agreement; by acts deemed to have accomplished a transfer under law or regulation; or, in the absence of such agreement or legal authority, according to general principles of commercial law. Under these principles, the purchase of TRCs assumes the transfer to the final consumer of the renewable power including all of its attributes unless otherwise noted by contract. In the early stages of TRC market development, rules governing TRC transactions may be established through patterns of practice in private negotiations.

A comprehensive accounting and verification framework for TRCs is the best way to eliminate double counting. The best alternative would be a mandatory, national accounting and verification system or database for all renewable generators. A second-best alternative would be to establish compatible regional accounting and verification systems that:

?? Use the same accounting and tracking framework for all regulatory requirements and green claims within a region; and

?? Are compatible with and communicate with neighboring systems to reduce double counting threats.

Ideally, such accounting systems would:

?? Recognize that the "null" power created when a TRC is sold separately from its energy is power without attributes (i.e., the electricity itself cannot be claimed as "renewable");

?? Apply on an all-or-none basis to a particular generator (all kWh are accounted for but may not all be sold as TRC products);[1] and

[1] To avoid loopholes and assure that a credit registry will actually be useful in mitigating double-counting threats where contract-path tracking is used, it is critical that generators opt-in fully to registering the total generating output

?? Assign all renewable energy attributes and emissions credits to generators, who can then pass on those credits to wholesalers, retailers or end-use customers or indicate contractually that the credits have been retired.

All cases of Full Double Sale and Actual Partial Double Sale should continue to be prohibited in law and discouraged in practice.

Sale of Disaggregated TRCs (Perceived Partial Double Sale) Emissions attributes should remain bundled with the renewable power or TRCs for all mass-marketed products. For individual contracts to knowledgeable consumers, the disposition of any environmental attributes should be clearly stated in the contract and fully understood by both buyer and seller.

Double Use. Many forms of double use should be allowed to the extent consistent with the intent of the applicable regulatory obligations or contract provisions. Alternatively, they should be addressed in the context of specific requirements to achieve environmental compliance or in implementing regulations adopted by RPS or GPS regulators.

A requirement for adequate information carried on renewable energy certificates. If insufficient information accompanies a TRC (or is unavailable via cross-referencing TRC databases), mandatory disclosure rules or prohibitions could be difficult to enforce. *Certificates* should include all primary attributes such as unit of measure (MWh is the minimum size unit recommended); fuel source, technology; location of plant (e.g., state or, if international, country); date of generation, date of certificate issuance; and web site or toll-free number where additional information can be obtained. A more aggressive approach would also require information on the face of certificates related to the disposition of environmental credits (i.e., whether they are or are not bundled with the TRC).

Product-based regulatory requirements. To reduce the threat of "double use" discussed earlier, regulatory requirements that apply to retail suppliers such as RPS and GPS should be imposed on a "product" rather than "company" basis.

Banking. Banking periods should track true-up periods.

TRC Product Disclosure.

?? *Product disclosure* should include the fuel source, technology, and location of generation (if combined from multiple sources then percentage from each technology) and location by technology; period of product true-up (annual or otherwise); and website or toll-free number where additional information about the product can be obtained.

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during that period of time, even though some portion of the output may not be involved in any type of TRC transaction. . If this does not occur, a generator may be able to claim the renewable energy attributes of a single MWh twice, once through the use of a TRC and another time with the use of a power sales contract. By requiring that generators opt-in fully, a purchaser from that generator will know that it has a right to make green power claims only if it purchases the generator's TRCs.

Certification programs should examine how best to handle the disclosure of mixed TRC products that combine certificates from different generating technologies located at various geographic locations.

TRC-Only Products should be held to the same level of consumer disclosure to which their electricity supplier counterparts are held.

SO_2 Benefits (or similar cap and trade credits) by retail marketers should be expressly prohibited unless SO_2 allowances are bought and retired or unless the SO_2 benefits of the product can be otherwise conclusively demonstrated. [2]

Company-based RPS Requirements should be avoided. RPS regulatory requirements imposed on retail electricity providers should be placed on each electricity product offered by the retail supplier. Renewable power claims should be associated only with supplies of renewable energy that exceed regulatory mandates.

A summary of the White Paper as well as the full TRC document is available on the CRS website: www.resource-solutions.org/CRSprograms/T-RECS.html

[2] It is important for those working on the design of new cap-and-trade programs as well as refinements to existing programs to understand that as presently designed, such programs do little to encourage the construction and operation of non-polluting power plants. Instead they transfer the costs of pollution reduction to non-polluting renewables while polluting plants benefit by being able to pollute more at no additional cost.